



June 5, 2019

The Honorable Eileen Cody
Washington State House of Representatives
P.O. Box 40400
Olympia, WA 98504

Dear Representative Cody,

We write to you today regarding our concerns about the certain additional skilled nursing facility closures that will occur in the coming months. In large part, the financial stress from inadequate Medicaid payment is the primary factor leading to facility closures.

To date, 15 facilities have closed or have announced closure. Three facilities have announced closure since the Legislature adjourned on March 28.

The failure to address a significant and destabilizing gap between Medicaid payment and cost is creating hardship for patients, families, and employees.

At its worst, Medicaid payments lag behind today's cost of care by 42-months. This lag is unsustainable for even the best-positioned skilled nursing facilities that have strong balance sheets, diversified service and revenue lines, stable occupancy, and a healthy payor and acuity mix of residents. Even these skilled nursing providers are nervous and know it's a matter of time before they face the same plight, if Medicaid payment doesn't improve. Improvements in Medicaid funding may come too late for other skilled nursing facilities that are more vulnerable, through no fault of their own but because of unique market characteristics. For some, the system has already failed them and the thousands of residents and families they serve.

In years past, a two-year rebase cycle was difficult but doable largely because minimum wage increases were fairly modest and Medicare payments offset Medicaid underfunding. This is a different time and minimum wages are rapidly increasing year after year while Medicare funding has been simultaneously declining.

We are deeply concerned that without immediate emergency intervention, skilled nursing facilities will continue to close, creating an uncertain future that causes anxiety for patients, families and workers and that has the real potential of causing harm, including death, as a result of transfer trauma to residents.

We strongly urge you to call for emergency funding to be appropriated to prevent additional skilled nursing facility closures in the coming weeks and months ahead. Unplanned skilled nursing facility failures should be deeply concerning to the Legislature. The human suffering is real – and the potential for loss of capacity to serve people in their own communities is simply unacceptable.

Our patients and our workers deserve better.

Sincerely,

Deb Murphy, MPA, JD
Chief Executive Officer
LeadingAge Washington

Robin Dale, JD
Chief Executive Officer
Washington Health Care Assoc.

Patricia Hunter, MSW
State Long-Term Care Ombuds
Washington State LTC
Ombudsman Program